

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 07341 01 OF 03 051241Z
ACTION TRSE-00

INFO OCT-01 EUR-12 EA-07 ISO-00 XMB-02 AID-05 CEA-01
CIAE-00 COME-00 EB-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 USIA-06 OPIC-03 SP-02 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 STR-04 L-03 PM-04 NSC-05
SS-15 DODE-00 OES-07 ACDA-07 NASA-01 INT-05 OIC-02
/140 W

-----055769 051316Z /46

R 051207Z JUL 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 652
INFO RUEHOT/AMEMBASSY OTTAWA 2059
AMEMBASSY PARIS
AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 03 BRUSSELS 07341

USEEC

PARIS FOR OECD

E.O.11652: N/A
TAGS: ETRD, ECON, BE, EEC
SUBJECT: EXPORT CREDITS: KLEIN VISIT TO WASHINGTON

REF: STATE 147356

1. KLEIN APPRECIATED RECEIVING WORKING DOCUMENT ON
EXPORT CREDITS (REFTEL) AND ASKED MISSION TO TRANSMIT
EC PAPER ON SAME SUBJECT WHICH WAS SENT TO OECD
SECRETARIAT JUNE 30. TEXT OF EC DOCUMENT AS FOLLOWS:
BEGIN QUOTE: GUIDELINES IN THE FIELD OF EXPORT CREDITS:
THE CONSENSUS (NOTE BY THE EUROPEAN ECONOMIC COMMUNITY).

2. INTRODUCTION: THE EUROPEAN ECONOMIC COMMUNITY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 07341 01 OF 03 051241Z

ADHERED TO THE CONSENSUS BY COUNCIL DECISION OF 14 MARCH
1977. PRIOR TO THAT FOUR OF THE MEMBER COUNTRIES HAD
APPLIED THE GUIDELINES FROM THE OUTSET, I.E., 1 JULY
1976.

A. THE FIRST PART OF THIS NOTE SUMMARIZES THE EX-
PERIENCE TO DATE OF EEC MEMBER COUNTRIES DURING THE

WHOLE OF THE PERIOD SINCE 1 JULY 1976, WITHOUT DISTINGUISHING BETWEEN THESE TWO PART-PERIODS. IN THE SECOND PART THE COMMUNITY RECORDS A NUMBER OF LESSONS DRAWN FROM ITS EXPERIENCE TO DATE, WHICH MIGHT SET THE FRAMEWORK FOR THE FORTHCOMING REVIEW.

3. EXPERIENCE TO DATE - DEFINITIONS AND DEROGATIONS:

B. EVALUATION OF ADHERENTS' EXPERIENCE OF THE CONSENSUS HAS NOT BEEN FACILITATED BY THE ABSENCE OF DEFINITIONS. FURTHERMORE, IN ATTEMPTING TO ASSESS THE EXTENT TO WHICH THE CONSENSUS HAS BEEN HONOURED OR BREACHED, IT IS ESSENTIAL TO DISTINGUISH AMONG:

(I) EXCLUSIONS AND EXCEPTIONS PROVIDED FOR IN THE CONSENSUS ITSELF. THESE COMPRISE:

-- TIED AID CREDITS;

-- PRIOR COMMITMENTS (WHOLLY EXCLUDED);

-- AGRICULTURAL PRODUCTS, MILITARY EQUIPMENT, SHIPS, AIRCRAFT, NUCLEAR POWER PLANT (WHOLLY EXCLUDED);

-- CONVENTIONAL POWER PLANT, STEEL PLANT, GROUND SATELLITE COMMUNICATIONS STATION (ONLY PARTIALLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRUSSE 07341 01 OF 03 051241Z

COVERED BY THE CONSENSUS);

(II) MATCHING SITUATIONS;

(III) "OUTRIGHT DEROGATIONS", I.E. CASES WHERE AN ADHERENT HAS TAKEN THE INITIATIVE TO EXCEED THE GUIDELINES IN CIRCUMSTANCES OTHER THAN THOSE AS (I) AND (II) ABOVE.

4. NOTIFICATIONS:

C. THE LACK OF DEFINITIONS IN THE CONSENSUS HAS NOT MADE IT EASIER TO IDENTIFY "OUTRIGHT DEROGATIONS" (3(III) ABOVE). BUT, ALLOWING FOR THAT DIFFICULTY, THE EEC HAS NO RECORD OF ANY SUCH DEROGATIONS SINCE THE ORIGINAL CONSENSUS BEGAN TO BE APPLIED LAST JULY. HOWEVER, AT PARAS. H - J BELOW WE SET OUT OUR PRELIMINARY VIEWS ON THE NEED TO CLARIFY THE PRACTICAL APPLICATION OF THE GUIDELINES, INCLUDING THE DESIRABILITY OF INCLUDING A NUMBER OF DEFINITIONS.

D. AS FOR MATCHING (3(II) ABOVE), IN ONLY ONE CASE HAS IT BEEN NECESSARY TO MATCH A COMPETITIVE OFFER FROM A COUNTRY WHICH IS NOT A MEMBER OF THE

OECD. SEVERAL MATCHING SITUATIONS AROSE IN THE FIRST FEW MONTHS OF THE CONSENSUS, AT WHICH STAGE ONLY SEVEN COUNTRIES WERE ADHERENTS. SUBSEQUENTLY SEVERAL OF THE COUNTRIES WHOSE COMPETITIVE OFFERS ON TERMS SOFTER THAN THE CONSENSUS HAD CREATED THESE MATCHING SITUATIONS, THEMSELVES ADHERED. SINCE THEIR ADHERENCE THE NUMBER OF MATCHING SITUATIONS HAS DECLINED SHARPLY. BUT AS LONG AS SOME IMPORTANT CREDIT-GIVING COUNTRIES STAND ASIDE FROM THE CONSENSUS, ADHERENTS ARE BOUND OCCASIONALLY, ALBEIT RELUCTANTLY, TO HAVE RECOURSE TO MATCHING, EITHER FOR THE WHOLE OF A PROSPECTIVE CONTRACT OR FOR PART.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 BRUSSE 07341 01 OF 03 051241Z

E. THAT LEAVES THE EXCLUSIONS AND EXCEPTIONS

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 07341 02 OF 03 051253Z

ACTION TRSE-00

INFO OCT-01 EUR-12 EA-07 ISO-00 XMB-02 AID-05 CEA-01
CIAE-00 COME-00 EB-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 USIA-06 OPIC-03 SP-02 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 STR-04 L-03 PM-04 NSC-05
SS-15 DODE-00 INT-05 NASA-01 OES-07 ACDA-07 OIC-02
/140 W

-----055858 051316Z /46

R 051207Z JUL 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 653

INFO RUEHOT/AMEMBASSY OTTAWA 2060

AMEMBASSY PARIS

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 02 OF 03 BRUSSELS 07341

PROVIDED FOR IN THE CONSENSUS (3(I) ABOVE). A
FEW TIED CREDITS WITH GRANT ELEMENT FROM 15 PER-

CENT TO 25 PERCENT HAVE BEEN NOTIFIED. RATHER MORE PRIOR COMMITMENTS HAVE BEEN NOTIFIED, PARTICULARLY IN THE EARLY MONTHS OF THE ORIGINAL CONSENSUS: WITH THE PASSAGE OF TIME THE NUMBER OF PRIOR COMMITMENTS SHOULD DISAPPEAR. THERE HAVE BEEN A HANDFUL OF CASES INVOLVING PRODUCTS OR SECTORS PARTIALLY EXCLUDED FROM THE CONSENSUS.

F. THUS OVERALL VERY FEW CASES HAVE BEEN NOTIFIED UNDER THE CATEGORIES DESCRIBED AT PARAGRAPHS (B(I) AND B(II) ABOVE. OF THOSE WHICH HAVE, THE GREAT MAJORITY HAVE INVOLVED EXCEEDING THE GUIDELINES IN RESPECT OF EITHER MAXIMUM LENGTH OF CREDIT OR MINIMUM PAYMENTS BY DELIVERY.

5. SUMMARY:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 07341 02 OF 03 051253Z

G. MEMBER COUNTRIES OF THE COMMUNITY HAVE ENJOYED A SATISFACTORY EXPERIENCE OF THE CONSENSUS. AS PARAGRAPHS C - F ABOVE SHOW, THE GUIDELINES HAVE BEEN HONOURED TO A SIGNIFICANT EXTENT. THE CONSENSUS IS, IN EFFECT, AN INTERNATIONAL ARRANGEMENT TO LIMIT COUNTER-PRODUCTIVE COMPETITION IN EXPORT CREDIT. AS SUCH, IT HAS SET IN A CLEARER FRAMEWORK RELATIONS BETWEEN (ON THE ONE HAND) THE NATIONAL CREDIT AUTHORITIES AND (ON THE OTHER) THEIR EXPORTERS OR THIRD COUNTRY BUYERS AND GOVERNMENTS. THE INITIAL PERIOD OF APPLICATION OF THE GUIDELINES IS THEREFORE REGARDED AS A VALUABLE FIRST STEP TOWARDS THE CONTROL OF EXCESSIVE EXPORT CREDIT COMPETITION.

6. LESSONS TO BE DRAWN FROM EXPERIENCE TO DATE:

H. THE COMMUNITY DRAWS THE FOLLOWING PRELIMINARY LESSONS FROM ITS EXPERIENCE TO DATE OF THE CONSENSUS:

(1) ITS OVERALL STRUCTURE AND APPROACH HAVE WORKED REASONABLY WELL, AND SHOULD NOT BE LIGHTLY OVERTURNED; BUT

(2) IT IS DESIRABLE TO MAKE AN EFFORT TO CLARIFY AND REINFORCE CERTAIN SPECIFIC ELEMENTS.

I. UNDER (2) THE FOLLOWING ELEMENTS MERIT DETAILED CONSIDERATIONS:

(I) THE ABSENCE OF DEFINITIONS (PARTICULARLY

SIGNIFICANT IN THE CASE OF OFFICIAL SUPPORT, RATE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRUSSE 07341 02 OF 03 051253Z

OF INTEREST, AND THE STARTING POINT OF CREDIT):

(II) THE PARTIAL EXCLUSION OF CERTAIN PRODUCTS OR INDUSTRIAL SECTORS (THE POSSIBILITY OF INCLUDING THEM IN THE CONSENSUS OR OF OTHERWISE BRINGING THEM MORE INTO LINE WITH THE GUIDELINES MIGHT BE EXAMINED);

(III) THE RISK THAT THE GUIDELINE MAXIMA MIGHT COME IN TIME TO BE REGARDED AS NORMS (THE DESIRABILITY OF INSERTING IN THE CONSENSUS SOMETHING ON THE LINES OF A "BEST ENDEAVOURS" CLAUSE, UNDER WHICH ADHERENTS WOULD UNDERTAKE TO USE THEIR BEST ENDEAVOURS TO MAINTAIN AND SUPPORT THE CUSTOMARY TERMS OF CREDIT FOR PARTICULAR TRADES, WHERE THESE NORMS FALL SHORT OF THE CONSENSUS MAXIMA, IS IN OUR VIEW MANIFEST);

(IV) THE PRESENT GUIDELINES FOR EXPORTS TO THIRD COUNTRIES CONSIDERED AS RELATIVELY RICH (THE POSSIBLE TIGHTENING OF CERTAIN TERMS MIGHT BE CONSIDERED LENGTH OF CREDIT, PAYMENTS BY DELIVERY);

(V) THE PRESENT LACK OF PROVISION FOR MAXIMUM LOCAL COST SUPPORT (VIEWS SHOULD BE EXCHANGED ON THE DESIRABILITY OF INCORPORATING INTO THE CONSENSUS THE LOCAL COST STANDARD CURRENTLY BEING OBSERVED BY MEMBERS OF OECD, AS WELL AS THE POSSIBILITY, IF IT IS SO INCORPORATED, OF TIGHTENING IT);

(VI) THE PRESENT LACK OF CLARITY IN RESPECT OF MATCHING (GIVEN THAT, TO BEGIN WITH, JUSTIFIABLE MATCHING SITUATIONS MAY ON OCCASIONS PROVE UNAVOIDABLE);

(VII) BRINGING PRIOR COMMITMENTS INTO LINES WITH THE CONSENSUS (THE POSSIBILITY OF SETTING A DATE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 BRUSSE 07341 02 OF 03 051253Z

IN 1978 FOR A FORM OF MUTUAL STOCK-TAKING AMONG ADHERENTS OF THEIR RESPECTIVE PRIOR COMMITMENTS SHOULD BE CONSIDERED).

J. THE COMMUNITY THEREFORE TAKE THE VIEW, AT THE

PRESENT STAGE OF ITS EXPERIENCE OF THE CONSENSUS,
THAT THE FORTHCOMING REVIEW SHOULD FOCUS ON THE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 07341 03 OF 03 051252Z
ACTION TRSE-00

INFO OCT-01 EUR-12 EA-07 ISO-00 XMB-02 AID-05 CEA-01
CIAE-00 COME-00 EB-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 USIA-06 OPIC-03 SP-02 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 STR-04 L-03 PM-04 NSC-05
SS-15 DODE-00 NASA-01 OES-07 ACDA-07 INT-05 OIC-02
/140 W
-----055865 051317Z /46

R 051207Z JUL 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 654
INFO RUEHOT/AMEMBASSY OTTAWA 2061
AMEMBASSY PARIS
AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 03 OF 03 BRUSSELS 07341

SEVEN ELEMENTS LISTED AT (I) - (VII) ABOVE.
HINTON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, VISITS, EXPORT CREDIT GUARANTEES
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRUSSE07341
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770238-0014
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770793/aaaadcsw.tel
Line Count: 313
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 182d5171-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 147356
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1971004
Secure: OPEN
Status: NATIVE
Subject: EXPORT CREDITS: KLEIN VISIT TO WASHINGTON
TAGS: ETRD, ECON, BE, US, EEC, (KLEIN, FRIEDRICH)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/182d5171-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009